

TESLA:

ANALYSIS OF THE COMPANY



COMPANY PROFILE

<u>SECTOR</u> Consumer Durables	<u>INDUSTRY</u> Motor Vehicles	<u>MARKET CAP</u> \$407.4B
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- Design, development, manufacture, and sale of fully electric vehicles, energy generation and storage systems;
- Vehicle service centers, supercharger station, and self-driving capability;
- Segments: Automotive and Energy Generation and Storage;
- Founded by Jeffrey B. Straubel, Elon Reeve Musk, Martin Eberhard, and Marc Tarpenning on July 1, 2003 and is headquartered in Palo Alto, CA;

Top Executives:

Elon Reeve Musk	Chief Executive Officer & Director
Zachary Kirkhorn	Chief Financial Officer
Robin Ren	Vice President-Asia Pacific
Andrew Baglino	SVP-Powertrain & Energy Engineering
Franz von Holzhausen	Chief Designer

FINANCIAL ANALYSIS

(\$ in millions, except percentages and per share data)	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020	QoQ	YoY
Automotive revenues	5,376	5,353	6,368	5,132	5,179	1%	-4%
of which regulatory credits	111	134	133	354	428	21%	286%
Automotive gross profit	1,016	1,222	1,434	1,311	1,317	0%	30%
Automotive gross margin	18.9%	22.8%	22.5%	25.5%	25.4%	-12 bp	653 bp
Total revenues	6,350	6,303	7,384	5,985	6,036	1%	-5%
Total gross profit	921	1,191	1,391	1,234	1,267	3%	38%
Total GAAP gross margin	14.5%	18.9%	18.8%	20.6%	21.0%	37 bp	649 bp
Operating expenses	1,088	930	1,032	951	940	-1%	-14%
(Loss) income from operations	(167)	261	359	283	327	16%	N/A
Operating margin	-2.6%	4.1%	4.9%	4.7%	5.4%	69 bp	805 bp
Adjusted EBITDA	572	1,083	1,175	951	1,209	27%	111%
Adjusted EBITDA margin	9.0%	17.2%	15.9%	15.9%	20.0%	414 bp	1,102 bp
Net (loss) income attributable to common stockholders (GAAP)	(408)	143	105	16	104	550%	N/A
Net (loss) income attributable to common stockholders (non-GAAP)	(198)	342	386	227	451	99%	N/A
EPS attributable to common stockholders, diluted (GAAP)	(2.31)	0.78	0.56	0.08	0.50	525%	N/A
EPS attributable to common stockholders, diluted (non-GAAP)	(1.12)	1.86	2.06	1.14	2.18	91%	N/A
Net cash provided by (used in) operating activities	864	756	1,425	(440)	964	N/A	12%
Capital expenditures	(250)	(385)	(412)	(455)	(546)	20%	118%
Free cash flow	614	371	1,013	(895)	418	N/A	-32%
Cash and cash equivalents	4,955	5,338	6,268	8,080	8,615	7%	74%

INDUSTRY ANALYSIS

General Environment:

- Global Segment - Tesla's goal is to achieve zero emission electric power; they focus on Superchargers that are established all over the world; thus, it allows to expand in Asia, Europe, America, and Australia;
- Sociocultural - the Tesla Roadster allowed the production of affordable electric vehicles; as a result, more people can drive electric vehicles and save money;
- Technological - Tesla's vehicles expended the industry of electric vehicles, and the market became more competitive and technologically developed.

Major Competitors:

Tesla primarily competed with *General Motors' hybrid electric Chevy Volt, Toyota Motor Corporation's hybrid electric Toyota Prius, BMW's i-series, and Daimler AG's Mercedes-Benz B-Class Electric Drive.*